

TAX INCREMENT FINANCING PLAN and ZONE

TOWN OF NEEDHAM

&

TRIPADVISOR LLC.

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NORMANDY GAP-V DEVELOPMENT NEEDHAM, LLC

410 First Avenue and 66 B Street

Town of Needham
Town Hall
1471 Highland Avenue
Needham, Massachusetts 02492

Introduction

TripAdvisor is an online travel research company, empowering users to plan and enjoy the ideal trip. TripAdvisor's travel research platform aggregates reviews and opinions of members about destinations, accommodations (including hotels, B&Bs, specialty lodging and vacation rentals), restaurants and activities throughout the world through its flagship TripAdvisor brand.

Currently based in Newton, Massachusetts, TripAdvisor is planning to consolidate its operations and relocate to newly constructed office space located in the New England Business Center in the Town of Needham, Massachusetts. The company plans to move its principal executive offices to 230,000 square feet of a new six-story, 240,000 square foot office building, as well as an accompanying parking structure, to be constructed by the owner of the property in question, Normandy GAP-V Development Needham, LLC (the "Property Owner") with contribution from TripAdvisor. The property will be designed with an upscale campus-style atmosphere and many on-site amenities for employees. The TripAdvisor buildings will be attractive and include an employee café and a fitness and wellness center. The building will be completed in 2015, with the relocation to commence soon after that.

Under a lease arrangement, the Property Owner would pay for the land and construction costs. Leasehold improvements and personal property costs would be paid for by the Company, including furniture, fixtures, computers, and servers. The project investment is estimated at \$101 million, including \$73.6 million for construction costs, \$12.4 million for land and related costs, \$7.5 million for leasehold improvements, and \$7.5 million for personal property.

TripAdvisor intends to retain and relocate its 450 employees to Needham from its Newton offices, and then expand its operations by hiring an additional 250 full-time employees in the five years following the relocation.

The land to be used for the project is within the New England Business Center Zoning District in the Town of Needham, Massachusetts. Specifically, it includes portions of two separate lots shown on Needham Town Assessor's Plan No. 300 as parcels 15 and 16 with the respective street addresses of 410 First Avenue and 66 B Street. All of the land is under the control of the Property Owner, and is subject to a Major Site Plan Special Permit granted by the Needham Planning Board on October 16, 2012. The Property Owner will hold the buildings under a condominium form of ownership, and TripAdvisor will lease the space it needs from the Property Owner.

In order to reduce certain costs of the proposed investments, TripAdvisor has requested and received local approval for a Tax Increment Financing Agreement (the "TIF Agreement") between TripAdvisor, the Property Owner and the Town, whereby the Property Owner will receive certain reductions in real estate tax and these savings will be passed on to TripAdvisor to make its expansion and improvements more cost-effective. In addition, the Town has executed Host Community Agreements with both TripAdvisor and the Property Owner to memorialize each party's obligations and commitment to mitigating the impacts of

this proposed development. The details of the TIF Agreement and Host Community Agreements are described below. TripAdvisor's eligibility for the tax increment exemption will commence on the later of July 1, 2016 or the first day of the Fiscal Year in which the Project is placed in service or as soon thereafter as the TIF Plan is approved by the EACC, whichever is latest, but shall in no event commence subsequent to Fiscal Year 2018.

I. Location

a. Needham Economic Target Area

The Town of Needham proposes the establishment of the Center 128 Economic Opportunity Area (the "EOA") and a Tax Increment Financing Zone (the "TIF Zone") within the Needham Economic Target Area (the "ETA"). The EOA will consist of approximately 3.5 acres of land located at portions of 410 First Avenue and 66 B Street, specifically delineated as "Site Area" on a Plan entitled "Exclusive Use Plan – Building #3," dated September 21, 2012 and prepared by Tetra Tech. A copy of that plan is attached as Exhibit A.

b. Municipality

Town of Needham, Norfolk County, Massachusetts

c. TIF Zone

i. Location and Map

The TIF Zone is contiguous with the Center 128 EOA and, as described above, is specifically delineated as "Site Area" on a Plan entitled "Exclusive Use Plan – Building #3," dated September 21, 2012 and prepared by Tetra Tech.

ii. Legal Description

A legal description of the EOA and the corresponding TIF Zone is attached as Exhibit B.

iii. Potential TIF Zone Issues

The TIF Zone is located in close proximity to Route 128/I-95 and is a site that can easily accommodate the planned expansion. It also offers excellent access to regional commuter rail and MBTA rapid transit. The Company plans to participate in the 128 Business Council shuttle service or another similarly constituted service, allowing employees to commute using the commuter rail stop in the Needham Town Center.

iv. Property Owners within the proposed Zone

The parcel in question is owned by Normandy GAP-V Development Needham, LLC.

II. Duration of TIF Zone and Plan

The duration of the TIF Zone and TIF Plan will be for a period of thirteen years (Fiscal Years 2016 through 2028). TripAdvisor has agreed to yearly commitments of job retention and creation, and will submit annual reports detailing how it has met these commitments as well as its commitment to invest in improving and expanding its facilities within the TIF Zone. If these commitments are not met, or if TripAdvisor fails to submit a required annual report, it will be ineligible for any exemption from real property taxation for the subsequent fiscal year. TripAdvisor's eligibility for the tax increment exemption will commence on the later of July 1, 2016 or the first day of the Fiscal Year in which the Project is placed in service or as soon thereafter as the TIF Plan is approved by the EACC, whichever is latest, but shall in no event commence subsequent to Fiscal Year 2018.

III. TIF Zone and Economic Development

a. New Economic Development Opportunity

TripAdvisor, together with the Property Owner, intends to invest approximately \$101 million in real estate and personal property improvements to the TIF Zone over the life of the TIF Plan. TripAdvisor intends to create 250 New permanent full-time Jobs within the TIF Zone, while also retaining and relocating its 450 jobs to the TIF Zone from its Newton offices.

b. Net Economic Benefit to Needham

The benefits of TripAdvisor's expansion and investments in workforce, real estate and equipment that will accrue to the Town and the Commonwealth of Massachusetts are considerable. These benefits include:

- attraction of new high-technology firms to Needham;
- growth of the local and statewide economy;
- net growth in the local commercial property and state income tax base;
- increased wages and family income and decreased unemployment in Needham and the surrounding area;
- reduction of Needham's commercial vacancy rate;
- an economic ripple effect resulting from the introduction of new jobs and personal income into the local and state economy; and
- increased prominence and prestige in the global marketplace due to the affirmative decision of an

international company to move a major division to the Town.

Revenue projections made by the Town suggest that the planned improvements will lead to a net increase in commercial taxes of almost \$4.347 million over the lifespan of the TIF Zone, net of the incremental exemption proposed in the TIF Agreement.

c. Analysis of Proposed and Potential Land Uses and Zoning

The TIF Zone is located in the New England Business Center Zoning District under the Town of Needham's Zoning Bylaws. TripAdvisor's proposed investments will conform with the intent of that zoning district.

IV. TIF Zone Project

- a. The TripAdvisor building is the only project envisioned for the TIF Zone. It will consist of a new six-story, 240,000 square foot building and attendant parking structure, as well as associated improvements.

b. Evidence of TripAdvisor's Commitment

TripAdvisor has committed to contributing approximately \$15 million towards real estate and personal property investments at the property.

- c. TripAdvisor has committed to implement the following schedule of job creation, relocation and retention. For the purposes of this section, the "First Calendar Year" is the year in which the certificate of occupancy is issued, the "Second Calendar Year" is the next year, and so on.

On or before December 31 of the First Calendar Year	50 new jobs created at the project. 450 Jobs relocated to the property.
On or before December 31 of the Second Calendar Year	500 existing jobs retained and 50 new jobs created.
On or before December 31 of the Third Calendar Year	550 existing jobs retained and 50 new jobs created.
On or before December 31 of the Fourth Calendar Year	600 existing jobs retained and 50 new jobs created.
On or before December 31 of the Fifth Calendar Year	650 existing jobs retained and 50 new jobs created.

TripAdvisor further commits to retain at least 700 existing jobs for the remainder of the term of the duration of the TIF Zone.

- d. Estimated Tax Revenues Based on Increased Valuation

The estimated tax revenues, after the TIF Agreement exemption, are set forth on the chart attached hereto as Exhibit C.

- e. Financing for the TripAdvisor project is in place. It will come from self-financed, private sources.
- f. No other projects, public or private, are anticipated for the TIF Zone.

V. Tax Increment Financing

a. Authorization to Use TIF Financing

A resolution setting forth the TIF Agreement, which has been approved by the Needham Board of Selectmen, and ratified by Town Meeting, pursuant to *M.G.L. c. 40, §59* and *M.G.L. c. 59, §5*, is attached hereto as Exhibit D.

b. TIF Exemption from Property Taxes

The Town shall grant a Tax Increment Financing exemption to TripAdvisor, in accordance with *M.G.L. c. 40, §59*, *M.G.L. c. 59, §5*, *M.G.L. c. 23A, §3*, for real estate improvements made to the property within the Center 128 EOA. The base valuation for determining assessed value of the property is the value used for the calculation of property taxes owed in Fiscal Year 2013, and the parties have agreed that this base valuation is \$6,826,315. The base value shall be adjusted annually pursuant to *M.G.L. c. 40, §59*, as may be subsequently amended. The exemption shall be valid for the thirteen years of the TIF Agreement.

The proposed TIF Agreement calls for an exemption from real estate taxation on the REAL ESTATE INCREMENT, according to the following TIF SCHEDULE:

Year 1	76%
Year 2	76%
Year 3	76%
Year 4	76%
Year 5	76%
Year 6	1%
Year 7	1%
Year 8	1%
Year 9	1%
Year 10	1%
Year 11	1%
Year 12	1%
Year 13	1%

VI. Approval of the TIF Project

a. Approval Process

The approval process complies with the relevant statutory provisions governing the approval of Tax Increment Financing Agreements, as cited elsewhere in this application.

The Needham Board of Selectmen approved the terms of the TIF Agreement, TIF Plan and Zone, and EOA Application on November 14, 2012.

The Needham Special Town Meeting ratified the vote of the Board of Selectmen to enter into a Tax Increment Agreement between the Town, the Property Owner and TripAdvisor on December 3, 2012.

b. Persons authorized to execute the TIF Agreement with TripAdvisor and the Property Owner

The Town's Board of Selectmen is authorized to execute the TIF Agreement, subject to ratification by vote of the Town Meeting on December 3, 2012.

c. Evidence of Local Approval

Attached as Exhibit E is the certified vote from the Special Town Meeting on December 3, 2012 ratifying the vote of the Board of Selectmen to enter into a TIF Agreement with TripAdvisor and the Property Owner.

Attached as Exhibit F is the TIF Agreement between the Town of Needham, the Property Owner and TripAdvisor, as approved by a vote of the Board of Selectmen on November 14, 2012.

Attached as Exhibit G are the Host Community Agreements between the Town of Needham and the Property Owner and the Town of Needham and TripAdvisor.

d. EACC Approval

The request to the EACC for approval of the TIF Plan and Zone and EOA Application is provided as part of this document.

Bar Measures 1 Inch

13 year Town of Needham Tax Increment Financing (TIF) Proposal Assumptions

PHASE I	
Initial Square Footage =	-
Initial Base Assessed Value* = \$	6,826,315
Initial Incremental Assessed Value = \$	22,173,685
New Square Footage =	230,000
Phase I Assessed Value = \$	29,000,000
Estimated Annual Base Tax Payment = \$	146,766
FY12 Tax Rate per \$1000 = \$	21.50
Initial Incremental Annual Tax = \$	476,734

Percentage of assessed land values of 66 B Street and 410 First Avenue

Year	Estimated Current Property Tax (Base Only)	Estimated Assessed Value	Estimated New Incremental Annual Property Tax	% Exempt	Estimated TIF Savings to Company	Estimated Incremental Tax Payment w/TIF to Town	Estimated Total RE Taxes to Town (Base + New)
1	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
2	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
3	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
4	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
5	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
6	146,766	22,173,685	476,734	76%	362,318	114,416	261,182
7	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
8	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
9	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
10	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
11	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
12	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
13	146,766	22,173,685	476,734	1%	4,767	471,967	618,733
Est. Real Property	1,907,958			30%	1,849,726	4,347,816	6,255,774
Est. Additional Revenue to Town**					1,849,726		815,000
TOTALS					Total	Total	7,070,774

Tax Savings To Company

Revenue To Town

Projected assessed values shown are estimated, actual assessed values to be determined by local Assessor
Assumptions based on no annual increase in assessed property values or tax rate

Property Address: 400 First Avenue, Needham, MA

*Assumes a percentage of land value based on project scope

**Estimated Permit Fees @ \$230,000, Personal Property Tax @ \$32,250/yr, Hotel Tax @ \$9,000/yr and Meal Tax @ \$3,750/yr

**Est. Additional Revenue to Town	
permit fees	\$230,000
personal property	\$419,250
Hotel tax	\$117,000
Meal tax	\$48,750
Total	\$815,000